

Obligations of the B.C.A.T.P. Outstanding at March 31, 1945.

7. Under the agreement of June 5th, 1942, and the amendment thereto, the United Kingdom is responsible for 50% of any obligations accruing at March 31st, 1945, or prior thereto if the agreement should so terminate. The last estimate which has been made as to the amount of these obligations is that the total which will be accrued and outstanding at March 31st, 1945, will be in the neighbourhood of \$40,000,000.00 of which the United Kingdom share will be \$20,000,000.00. Due to the extensive advance notice of air training curtailment, good opportunity exists to reduce commitments to those applicable to equipment required only for maintenance of a greatly reduced air training scheme after March 31, 1945. Every effort is being made to bring this about, either through cancellation of contracts in whole or in part or by ensuring prompt payment subsequent to deliveries from contracts. Most of such equipment will have been received just prior to March 31, 1945 or will be received subsequent to that date so that it will be readily usable in any continuing R.C.A.F. activities in Canada. Even if there is no definitely laid down continuing Air Training Plan envisaging training of Empire students, the post war activities of the R.C.A.F. will presumably be on such a scale as to make good use of such equipment, in which case the discharging of the commitments is a proper responsibility of the R.C.A.F.

Costs of Winding up the B.C.A.T.P. - Subsequent to March 31, 1945.

8. Under the Agreement and the amendment thereto, the United Kingdom is obligated to pay 50% of the costs necessarily incurred in the process of winding up the Training Organization. It would appear that these costs contemplated the costs of pay and maintenance of personnel during the period necessary to demobilize such personnel after they cease to be required as training staff and also the cost of maintaining and caring for the assets of the plan until turned over to the War Assets Corporation for disposal, it being considered that the residual asset value is the amount realized less the cost of disposal.

Costs of winding up the B.C.A.T.P. are somewhat difficult of definition and much more difficult of determination. The winding up of the B.C.A.T.P. has been in progress since the first major reduction was effected in

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